BEFORE THE CALIFORNIA ENERGY COMMISSION

Implementation of Restructuring Legislation (Chapter 854, Statutes of 1996, AB 1890): Renewables	))))	Docket No. 96-REN-1890

COMMENTS OF REID M. BUCKLEY AND DANIEL HSIEH ON POLICY REPORT ON AB 1890 RENEWABLES FUNDING
(STAFF DRAFT DATED JANUARY 3, 1997)

January 22, 1997

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These comments on the January 3, 1997 Staff Draft of the Policy Report on AB 1890 Renewables Funding are respectfully submitted by Reid M. Buckley and Daniel Hsieh ("Buckley and Hsieh").

Buckley and Hsieh would like to thank the California Energy Commission ("CEC") staff members who produced the draft of January 3, 1997. The draft reflects a great deal of hard work and numerous excellent recommendations.

Buckley and Hsieh urge the CEC to increase the allocation of funds directed toward the consumer side of the market. We recommend that the CEC recommend that 20% of total funding, rather than the 17% recommended by staff, be allocated to the consumer side of the market. Increasing the allocation to the consumer side of the market is consistent with the AB 1890 policy objectives of allowing customers to receive a rebate from the fund and developing a customer-driven renewables market in California.

AB 1890 directed that no less 40% of funds collected be used for new and emerging renewables and no less than 40% be used for existing renewables. This leaves no more than 20% of the available funds for the development of a direct access renewables market. Because staff has recommended that 43% of funds be used to support new and emerging renewables and 40% of funds be used for existing renewables, only 17% remains for the consumer-driven market.

Buckley and Hsieh accept the language of AB 1890 which allocates 80% of the available funds to existing, new, and emerging renewables. However, because of the legislation's emphasis on market principles, we urge the CEC to recommend to the Legislature that funds not specifically allocated by the legislation to existing, new, and emerging renewables be allocated to market-based approaches. Thus, we urge the CEC to recommend that 20% of the available funds be used to spur the development of a consumer-driven market for renewables in California. We ask the CEC to recommend that 18% of all funding flow to the customer rebate account, and we agree with staff's recommendation that 2% of total funds be made available for consumer education and market research.

One final recommendation concerns confusing language found on page 25 of the staff draft. The last sentence of the first full paragraph on that page states that "Generation portfolios with more than 50 percent , but less than 100 percent renewables would be eligible to receive a credit equal to the proportional share of the renewables in the generation mix." It is not clear to us whether the intent of the staff draft is to provide a rebate based on all of the kilowatt-hours delivered by a certified renewable provider or to provide a rebate based on only the renewable kilowatt-hours delivered. Buckley and Hsieh recommend that the rebate be based on all of the kilowatt-hours delivered.

We again wish to thank the CEC for a fine draft and would be pleased to answer any questions which may arise from these comments.

Respectfully Submitted,

January 22, 1997

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Reid M. Buckley

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Daniel Hsieh